Montana Department of Transportation
PO Box 201001
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MEMORANDUM

To: See Distribution

From: Mark Wissinger, P.E.
             Construction Engineer

Date: , 2006

Subject: Standard Special Provision Revision: **A21 – Fuel Price Adjustment**

The Construction Administration Services Bureau is proposing revisions to Standard Special Provision, A21 – Fuel Price Adjustment. Following the Standard Specification Revision Process outlined in the Construction Engineer's Memorandum dated January 9, 2002 the following information is provided.

1. Standard Special Provision, A21 – Fuel Price Adjustment will be modified.

2. The Proposed Draft of the change is attached along with this memorandum.

3. Revision to the Standard Specification is needed to change Subsection 109.11 Fuel Price Adjustment, to use a $0.25 adjustment trigger in place of the current 20% trigger.

4. Those impacted by the change include:

    Contractors, MDT Construction Administration Services Bureau.

5. The following individuals were consulted and/or involved in developing the proposed revisions:

    Montana Contractors Association (MCA), Lisa Durbin Construction Administration Services Engineer, Dan Smith Specifications Engineer.

*It is requested that comments on **the proposed revisions only**, be returned to the Specification Section no later than February 28, 2006.*

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1.   FUEL PRICE ADJUSTMENT (Revised 12-15-04)
     Rescind paragraphs three, four, and five of Subsection 109.11 and replace with the following.

     Adjustments will be made only when the monthly average price is $0.25 per gallon more or less than the base price. The adjustments will be for the amount exceeding $0.25 per gallon.

     The price adjustment for each type of fuel will be the change in cost from the base price (BP) to the monthly average price (AP) that exceeds $0.25, multiplied by the quantity (Q) of the item added to the progress estimate, multiplied by the fuel cost (FC).

     Adjustments will be according to the following formulas:

$$\text{Increase} = \left(\frac{AP - BP - 0.25}{BP} \right) * FC * Q$$

$$\text{Decrease} = -\left(\frac{BP - AP - 0.25}{BP} \right) * FC * Q$$

Where:
AP	= Monthly Average Price
BP	= Base Price
FC	= Fuel Cost
Q	= Quantity